

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 INT-08 IO-14 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 AID-20 OMB-01 TRSE-00 DRC-01 /136 W

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R 081030Z JAN 74

FM AMEMBSSY TOKYO

TO HICOMTERPACIS SAIPAN MARIANAS ISLANDS

INFO SECSTATE WASHDC 9111

HQ USARBCO MACHINATO/TTPI-LNO

UNCLAS TOKYO 0202

DEPT PASS INTERIOR FOR DOTA AND OSN

HICOMTERPACIS ALSO FOR STATUS LNO

E.O. 11652: N/A

TAGS: EAID, TQ, JA

SUBJECT: MICRONESIA CLAIMS AGREEMENT

REF: A) HICOMTERPACIS 281300Z 73 B) STATE 20359

SUMMARY: A) IN INTERESTS OF RAPID COMPLETION OF LIST OF
GOODS AND SERVICES, EMBASSY SUGGESTS LIST BE COMPLETED WITHOUT
USE OF TERM QTE ETC UNQTE

B) EMBASSY SUGGESTS TTPI BE PREPARED TO EXPLAIN INDIVIDUAL
ECONOMIC DEVELOPMENT PROJECTS TO BE INCLUDED IN LIST, WITH
GENERALRELAT*ONSHIP TO TTPI ECONOMIC DEVELOPMENT.

C) GOJ HAS NO STANDARD FORM CONTRACT TO BE USED. MOST
IMPORTANT POINT IS THAT BOTH PARTIES SIGN DOCUMENT. APART
FROM THIS, FORM MAY VARY DEPENDING ON KIND OF CONTRACT.
END SUMMARY

1. EMBASSY IS CONCERNED THAT CONTINUING PASSAGE OF TIME
WITHOUT AGREEMENT ON LIST OF GOODS AND SERVICES UNDER
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CLAIMS AGREEMENT MAKES IT INCREASINGLY UNLIKELY THAT USG

WILL BE ABLE TO HONOR ITS COMMITMENT UNDER AGREEMENT TO
PROCURE GOODS AND SERVICES WITHIN THREE YEAR PERIOD (WHICH
BEGAN MAY 1972)

2. UNDER THESE CIRCUMSTANCES, EMBASSY RELUCTANT PURSUE ISSUE
OF INCLUSION OF QTE ETC UNQ*E IN LIST OF GOODS AND SERVICES
(REF A PARA 3). SINCE NEARLY THREE MONTHS HAVE ELAPSED
SINCE GOJ REQUESTED THAT QTE ETC UNQTE BE DELETED AND FURTHER
DISCUSSION THIS POINT WITH GOJ WOULD LIKELY RESULT IN ADDITIONAL
DELAY IN COMPLETING LIST, WE RECOMMEND THAT WE AGREE TO DROP
QTE ETC UNQTE.

3. EMBASSY NOTES IN AGREEING TO LIST THAT TTPI WOULD NOT BE
COMMITTING ITSELF TO BUY SPECIFIC QUANTITY OF ANY GOODS OR
SERVICES. ONLY THE OVERALL TOTAL VALUE, THE TOTAL VALUE BY
CATEGORY, AND THE TOTAL VALUE OF ITEMS UNDER EACH CATEGORY
ARE SPECIFIED. RISING PRICES AND FLUCTUATING YEN/DOLLAR
EXCHANGE RATES WILL OBVIOUSLY AFFECT THE TOTAL QUANTITY OF
ANY GIVEN ITEM ULTIMATELY PURCHASED.

4. IN ORDER TO EXPEDITE AGREEMENT ON THE LIST AND MOVE
FORWARD WITH PROCUREMENT, EMBASSY PROPOSES TWO ALTERNATIVES
TO TTPI:

A) IT COULD LIST ADDITIONAL KINDS OF GOODS AND SERVICES
UNDER EACH ITEM, E.G. BULLDOZERS, IRRIGATION MACHINERY,
DINGIES, REINFORCING ROD AND BLACKBOARDS.

B) IN THE EVENT IT IS NOT POSSIBLE TO BE THAT SPECIFIC,
IT COULD USE TERM LESS BROAD THAN QTE ETC UNQTE WHICH RELATED
TO ITEM IN QUESTION, E.G. QTE OTHER SCHOOL CLASSROOM SUPPLIES
FOR STUDENTS UNQTE OR QTE OTHER MATERIALS TO BE USED IN
PAINTING BUILDINGS UNQTE.

5. RE REF A, PARA 4, EMBASSY HAS ALREADY EXPLAINED TO GOJ OUR
VIEW (REF B) THAT TO REQUIRE THAT CONTENTS OF LISTS OF GOODS
AND SERVICES BE CLOSELY RELATED TO ECONOMIC DEVELOPMENT OF
TTPI GOES BEYOND TERMS OF 1969 AGREEMENT. EMBASSY WILL ALSO
PASS ON INFO CONTAINED PARA 4. HOWEVER, UNLESS WASHINGTON
AGENCIES PERCEIVE OBJECTION TO THIS APPROACH, EMBASSY BELIEVES
TTPI COULD APPROPRIATELY EXPLAIN PROJECTS IT WISHES TO INCLUDE
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IN LIST AND THEIR GENERAL RELATION TO TTPI ECONOMIC DEVELOPMENT.

6. RE REF A PARA 2, SASAKI, DEPUTY HEAD, SECOND ECONOMIC
COOPERATION DIVISION, FONOFF, TOLD EMBASSY JANUARY 7 THAT
GOJ HAS NO STANDARD FORM CONTRACT. POINT OF MAIN CONCERN
TO GOJ IS THAT BOTH PARTIES TO CONTRACT SIGN SOME
DOCUMENT. CONTRACT SHOULD ALSO CLEARLY IDENTIFY GOODS
OR SERVICES AS ITEM CONTAINED IN AGREED LIST. APART FROM

THIS, GOJ EXPECTS THAT EXACT FORM OF CONTRACT WILL VARY
DEPENDING ON WHETHER GOODS OR SERVICES ARE INVOLVED.
EMBASSY NOTES THAT EXCHANGE OF NOTES OF MARCH 13, 1973
ALSO PROVIDES THAT CONTRACTS MUST CONTAIN PROVISION TO
EFFECT THAT THEY REMAIN INOPERATIVE UNTIL CONFIRMED BY GOJ.
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